

106TH CONGRESS  
1ST SESSION

# S. 1051

To amend the Energy Policy and Conservation Act to manage the Strategic Petroleum Reserve more effectively, and for other purposes.

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## IN THE SENATE OF THE UNITED STATES

MAY 13, 1999

Mr. MURKOWSKI (for himself and Mr. BINGAMAN) (by request) introduced the following bill; which was read twice and referred to the Committee on Energy and Natural Resources

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## A BILL

To amend the Energy Policy and Conservation Act to manage the Strategic Petroleum Reserve more effectively, and for other purposes.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       SECTION 1. That this Act may be cited as the “En-  
4       ergy Policy and Conservation Act Amendments”.

5       SEC. 2. Section 2 of the Energy Policy and Conserva-  
6       tion Act (42 U.S.C. 6201) is amended—

7               (a) in paragraph (1) by striking “standby” and  
8       “ , subject to congressional review, to impose ration-

1 ing, to reduce demand for energy through the imple-  
2 mentation of energy conservation plans, and”; and

3 (b) by striking paragraphs (3) and (6).

4 SEC. 3. Section 3 of the Energy Policy and Conserva-  
5 tion Act (42 U.S.C. 6202) is amended in paragraph (8)  
6 by inserting “or international” before “energy supply  
7 shortage”.

8 SEC. 4. Title I of the Energy Policy and Conservation  
9 Act (42 U.S.C. 6211–6251) is amended—

10 (a) by striking section 102 (42 U.S.C. 6211)  
11 and its heading;

12 (b) by striking section 104(b)(1);

13 (c) in section 105 (42 U.S.C. 6213)—

14 (1) by amending subsection (e) to read as  
15 follows:

16 “(e) On or after December 31, 2000, the Secretary  
17 shall establish a program for setting the terms of joint  
18 bidding by any person for the right to explore for and de-  
19 velop crude oil, natural gas, natural gas liquids, sulphur,  
20 and other minerals located on Outer Continental Shelf  
21 lands. The program shall consider the goals of ensuring  
22 a fair return, encouraging timely and efficient resource de-  
23 velopment, and other goals as the Secretary deems appro-  
24 priate. Conditions under which joint bidding will be per-

mitted or restricted will be established through regulation.”;

(2) by adding subsection (f) to read as follows:

“(f) Subsections (a) through (d) of this section shall expire on the effective date of the program established by the Secretary pursuant to subsection (e).”.

(d) by striking section 106 (42 U.S.C. 6214) and its heading;

(e) by amending section 151(b) (42 U.S.C. 6231) to read as follows:

“(b) It is the policy of the United States to provide for the creation of a Strategic Petroleum Reserve for the storage of up to 1 billion barrels of petroleum products to reduce the impact of disruptions in supplies of petroleum products, to carry out obligations of the United States under the international energy program, and for other purposes as provided for in this Act.”;

(f) in section 152 (42 U.S.C. 6232)—

(1) by striking paragraphs (1), (3) and (7), and

(2) in paragraph (11) by striking “; such term includes the Industrial Petroleum Reserve, the Early Storage Reserve, and the Regional Petroleum Reserve”.

1 (g) by striking section 153 (42 U.S.C. 6233)  
2 and its heading;

3 (h) in section 154 (42 U.S.C. 6234)—

4 (1) by amending subsection (a) to read as  
5 follows:

6 “(a) A Strategic Petroleum Reserve for the storage  
7 of up to 1 billion barrels of petroleum products shall be  
8 created pursuant to this part.”;

9 (2) by amending subsection (b) to read as  
10 follows:

11 “(b) The Secretary, in accordance with this part,  
12 shall exercise authority over the development, operation,  
13 and maintenance of the Reserve.”; and

14 (3) by striking subsections (c), (d), and  
15 (e);

16 (i) by striking section 155 (42 U.S.C. 6235)  
17 and its heading;

18 (j) by striking section 156 (42 U.S.C. 6236)  
19 and its heading;

20 (k) by striking section 157 (42 U.S.C. 6237)  
21 and its heading;

22 (l) by striking section 158 (42 U.S.C. 6238)  
23 and its heading;

1 (m) by amending the heading for section 159  
2 (42 U.S.C. 6239) to read, “Development, Operation,  
3 and Maintenance of the Reserve”;

4 (n) in section 159 (42 U.S.C. 6239)—

5 (1) by striking subsections (a), (b), (c),  
6 (d), and (e);

7 (2) by amending subsection (f) to read as  
8 follows:

9 “(f) In order to develop, operate, or maintain the  
10 Strategic Petroleum Reserve, the Secretary may—

11 “(1) issue rules, regulations, or orders;

12 “(2) acquire by purchase, condemnation, or oth-  
13 erwise, land or interests in land for the location of  
14 storage and related facilities;

15 “(3) construct, purchase, lease, or otherwise ac-  
16 quire storage and related facilities;

17 “(4) use, lease, maintain, sell or otherwise dis-  
18 pose of land or interests in land, or of storage and  
19 related facilities acquired under this part, under  
20 such terms and conditions as the Secretary considers  
21 necessary or appropriate;

22 “(5) acquire, subject to the provisions of section  
23 160, by purchase, exchange, or otherwise, petroleum  
24 products for storage in the Strategic Petroleum Re-  
25 serve;

1 “(6) store petroleum products in storage facili-  
 2 ties owned and controlled by the United States or in  
 3 storage facilities owned by others if those facilities  
 4 are subject to audit by the United States;

5 “(7) execute any contracts necessary to develop,  
 6 operate, or maintain the Strategic Petroleum Re-  
 7 serve;

8 “(8) bring an action, when the Secretary con-  
 9 siders it necessary, in any court having jurisdiction  
 10 over the proceedings, to acquire by condemnation  
 11 any real or personal property, including facilities,  
 12 temporary use of facilities, or other interests in land,  
 13 together with any personal property located on or  
 14 used with the land.”; and

15 (3) in subsection (g)—

16 (A) by striking “implementation” and  
 17 inserting “development”; and

18 (B) by striking “Plan”;

19 (4) by striking subsections (h) and (i);

20 (5) by amending subsection (j) to read as

21 follows:

22 “(j) If the Secretary determines expansion beyond  
 23 680,000,000 barrels of petroleum product inventory is ap-  
 24 propriate, the Secretary shall submit a plan for expansion  
 25 to the Congress.”; and

1                   (6) by amending subsection (l) to read as  
2 follows:

3           “(l) During a drawdown and sale of Strategic Petro-  
4 leum Reserve petroleum products, the Secretary may issue  
5 implementing rules, regulations, or orders in accordance  
6 with section 553 of title 5, United States Code, without  
7 regard to rulemaking requirements in section 523 of this  
8 Act, and section 501 of the Department of Energy Organi-  
9 zation Act (42 U.S.C. 7191).”;

10           (o) in section 160 (42 U.S.C. 6240)—

11                   (1) in subsection (a), by striking all before  
12 the dash and inserting the following—

13           “(a) The Secretary may acquire, place in storage,  
14 transport, or exchange”;

15                   (2) in subsection (a)(1) by striking all after  
16 “Federal lands”;

17                   (3) in subsection (b), by striking “, includ-  
18 ing the Early Storage Reserve and the Regional  
19 Petroleum Reserve” and by striking paragraph  
20 (2); and

21                   (4) by striking subsections (c), (d), (e),  
22 and (g);

23           (p) in section 161 (42 U.S.C. 6241)—

1                   (1) by striking “Distribution of the Re-  
2                   serve” in the title of this section and inserting  
3                   “Sale of Petroleum Products”;

4                   (2) in subsection (a), by striking “draw-  
5                   down and distribute” and inserting “draw down  
6                   and sell petroleum products in”;

7                   (3) by striking subsections (b), (c), and (f);

8                   (4) by amending subsection (d)(1) to read  
9                   as follows:

10           “(d)(1) Drawdown and sale of petroleum products  
11 from the Strategic Petroleum Reserve may not be made  
12 unless the President has found drawdown and sale are re-  
13 quired by a severe energy supply interruption or by obliga-  
14 tions of the United States under the international energy  
15 program.”;

16                   (5) by amending subsection (e) to read as  
17                   follows:

18           “(e)(1) The Secretary shall sell petroleum products  
19 withdrawn from the Strategic Petroleum Reserve at public  
20 sale to the highest qualified bidder in the amounts, for  
21 the period, and after a notice of sale considered appro-  
22 priate by the Secretary, and without regard to Federal,  
23 State, or local regulations controlling sales of petroleum  
24 products.



1 “(2) The Secretary may cancel in whole or in part  
2 any offer to sell petroleum products as part of any draw-  
3 down and sale under this Section.”; and

4 (6) in subsection (g)—

5 (A) by amending paragraph (1) to  
6 read as follows:

7 “(g)(1) The Secretary shall conduct a continuing  
8 evaluation of the drawdown and sales procedures. In the  
9 conduct of an evaluation, the Secretary is authorized to  
10 carry out a test drawdown and sale or exchange of petro-  
11 leum products from the Reserve. Such a test drawdown  
12 and sale or exchange may not exceed 5,000,000 barrels  
13 of petroleum products.”;

14 (B) by striking paragraphs (2) and  
15 (6A), striking the subparagraph designator  
16 “(B)” in paragraph (6), and by deleting  
17 the last sentence of paragraph (6);

18 (C) in paragraph (4), by striking  
19 “90” and inserting “95”;

20 (D) in paragraph (5), by striking  
21 “drawdown and distribution” and inserting  
22 “test”; and

23 (E) in paragraph (8), by striking  
24 “drawdown and distribution” and inserting  
25 “test”;

1 (7) in subsection (h)—

2 (A) in paragraph (1) by striking “dis-  
3 tribute” and inserting “sell petroleum  
4 products from”;

5 (B) in paragraph (2) by striking “In  
6 no case may the Reserve” and inserting  
7 “Petroleum products from the Reserve  
8 may not”; and

9 (C) in paragraph (3) by striking “dis-  
10 tribution” each time it appears and insert-  
11 ing “sale”;

12 (q) by striking section 164 (42 U.S.C. 6244)  
13 and its heading;

14 (r) by amending section 165 (42 U.S.C. 6245)  
15 and its heading to read as follows—

16 “ANNUAL REPORT

17 “SEC. 165. The Secretary shall report annually to the  
18 President and the Congress on actions taken to implement  
19 this part. This report shall include—

20 “(1) the status of the physical capacity of the  
21 Reserve and the type and quantity of petroleum  
22 products in the Reserve;

23 “(2) an estimate of the schedule and cost to  
24 complete planned equipment upgrade or capital in-  
25 vestment in the Reserve, including upgrades and in-

1 vestments carried out as part of operational maintenance or extension of life activities;

3 “(3) an identification of any life-limiting conditions or operational problems at any Reserve facility, and proposed remedial actions including an estimate of the schedule and cost of implementing those remedial actions;

8 “(4) a description of current withdrawal and distribution rates and capabilities, and an identification of any operational or other limitations on those rates and capabilities;

12 “(5) a listing of petroleum product acquisitions made in the preceding year and planned in the following year, including quantity, price, and type of petroleum;

16 “(6) a summary of the actions taken to develop, operate, and maintain the Reserve;

18 “(7) a summary of the financial status and financial transactions of the Strategic Petroleum Reserve and Strategic Petroleum Reserve Petroleum Accounts for the year.

22 “(8) a summary of expenses for the year, and the number of Federal and contractor employees;

1 “(9) the status of contracts for development,  
 2 operation, maintenance, distribution, and other ac-  
 3 tivities related to the implementation of this part;

4 “(10) a summary of foreign oil storage agree-  
 5 ments and their implementation status;

6 “(11) any recommendations for supplemental  
 7 legislation or policy or operational changes the Sec-  
 8 retary considers necessary or appropriate to imple-  
 9 ment this part.”;

10 (s) in section 166 (42 U.S.C. 6246) by striking  
 11 “for fiscal year 1997.”;

12 (t) in section 167 (42 U.S.C. 6247)—

13 (1) in subsection (b)—

14 (A) by inserting “for test sales of pe-  
 15 troleum products from the Reserve,” after  
 16 “Strategic Petroleum Reserve,” and by in-  
 17 serting “for” before “the drawdown” and  
 18 inserting “, sale,” after “drawdown”;

19 (B) by striking paragraph (1); and

20 (C) in paragraph (2), by striking  
 21 “after fiscal year 1982”; and

22 (2) by striking subsection (e);

23 (u) in section 171 (42 U.S.C. 6249)—

24 (1) by amending subsection (b)(2)(B) to  
 25 read as follows:

1           “(B) the Secretary notifies each House of  
 2           the Congress of the determination and identifies  
 3           in the notification the location, type, and owner-  
 4           ship of storage and related facilities proposed to  
 5           be included, or the volume, type, and ownership  
 6           of petroleum products proposed to be stored, in  
 7           the Reserve, and an estimate of the proposed  
 8           benefits.”;

9           (2) in subsection (b)(3), by striking “dis-  
 10          tribution of” and inserting “sale of petroleum  
 11          products from”;

12          (v) in section 172 (42 U.S.C. 6249a), by strik-  
 13          ing subsections (a) and (b);

14          (w) by striking section 173 (42 U.S.C. 6249b)  
 15          and its heading; and

16          (x) in section 181 (42 U.S.C. 6251), by striking  
 17          “September 30, 1999” each time it appears and in-  
 18          serting “September 30, 2003.”.

19          SEC. 5. Title II of the Energy Policy and Conserva-  
 20          tion Act (42 U.S.C. 6211–6251) is amended—

21               (a) by striking Part A (42 U.S.C. 6261 through  
 22               6264) and its heading;

23               (b) by adding at the end of section 256(h),  
 24               “There are authorized to be appropriated for fiscal

1       years 1999 through 2003, such sums as may be nec-  
 2       essary.”

3               (c) by striking Part C (42 U.S.C. 6281 through  
 4       6282) and its heading; and

5               (d) in section 281 (42 U.S.C. 6285), by striking  
 6       “September 30, 1999” each time it appears and in-  
 7       serting “September 30, 2003”.

8       SEC. 6. The Table of Contents for the Energy Policy  
 9       and Conservation Act is amended—

10              (a) by striking the items relating to sections  
 11       102, 106, 153, 155, 156, 157, 158, and 164;

12              (b) by amending the item relating to section  
 13       159 to read as follows:

“Development, Operation, and Maintenance of the Reserve.”;

14              (c) by amending the item relating to section  
 15       161 to read as follows:

“Drawdown and Sale of Petroleum Products”

16              (d) by amending the item relating to section  
 17       165 to read as follows:

“Annual Report”

○